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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

USA FILE *Leg*
SPECIAL

August 26, 1987

LEGISLATIVE REFERRAL MEMORANDUM

O/CONGRESSIONAL AFFAIRS

87-3749

To: SEE ATTACHED DISTRIBUTION LIST

Subject: Office of Management and Budget draft bill, the
"Truth in Federal Spending Act of 1987."

The Office of Management and Budget requests the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with Circular A-19.

Please provide us with your views no later than September 2, 1987. This legislation is needed in support of the President's Economic Bill of Rights, announced on July 3, 1987 (see attached). As drafted, it reflects senior policy decisions and guidance. Accordingly, we request technical comments only. If we do not hear from you by the deadline, we will assume you have no comments.

Direct your questions to Gregory Jones (395-3454), of this office.

[Signature]
James C. Murr for
Assistant Director for
Legislative Reference

Enclosures

cc: A.B. Culvahouse, Jr.
Jack Carley
Will Webb
Ed Rea
Barry Anderson
Dave Mathiasen

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United States		

A BILL

To require analysis and estimates of the likely impact of Federal legislation and regulations upon the private sector and State and local governments, to provide for deficit neutrality of new spending legislation, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that this Act may be cited as the "Truth in Federal Spending Act of 1987."

FINDINGS AND PURPOSES

SEC. 2. (a) The Congress finds that -

(1) in real terms, spending on domestic programs grew at an annual rate of more than 6.5 percent per year from FY 1960 through FY 1980;

(2) between FY 1980 and FY 1985, the annual rate of increase, in real terms in domestic spending has slowed to less than three percent and was less than one percent in 1986;

(3) in FY 1987, total Federal spending, in real terms, will actually decline for the first time since FY 19783; and yet

(4) Federal spending continues to be excessive, adding to the deficit and absorbing resources that could otherwise be employed more effectively.

(b) The purposes of this Act are to -

(1) ensure that the American people are fully apprised of the actual costs of Federal programs, whether as a result of legislative or regulatory activity; and

(2) require both the Congress and the Executive branch to acknowledge and take responsibility for the fiscal and

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budgetary effects of legislative and regulatory actions and activities.

FINANCIAL IMPACT STATEMENTS

SEC. 3. (a) The Director of the Congressional Budget Office shall prepare a financial impact statement, as described in subsection (b) below, to accompany each bill, amendment, resolution, or conference report of a public character reported by any committee of the House of Representatives or the Senate or considered on the floor of either House.

(b) The financial impact statement required by subsection (a) of this section shall state the extent, if any, to which enactment of the bill, amendment, resolution, or conference report would result in increased costs to the private sector or State or local governments and shall in addition include, at a minimum, a detailed assessment of the annual impact of the bill, amendment, resolution, or conference report (measured over a five-year period from its effective date, and expressed in each case in monetary terms) on -

(1) costs to consumers or businesses;

(2) national employment;

(3) the ability of United States industries to compete internationally; and

(4) the ability of affected State and local governments to comply with the requirements, fiscal and otherwise, of the bill, amendment, resolution, or conference report; provided, that the financial impact statement may consist of a brief summary assessment in lieu of the detailed assessment set

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forth above if preliminary analysis indicates that the aggregate effect on each of categories (1)-(4) above is less than one hundred million dollars.

SEC. 4. The financial impact statement described in subsection (b) of section 3 shall be included in each bill, amendment, resolution, or conference report of a public character before such bill, amendment, resolution, or conference report may be reported or otherwise considered on the floor of either House.

SEC. 5. It shall not be in order in either the House of Representatives or the Senate to consider on the floor any bill, amendment, resolution, or conference report of a public character, whether or not reported by any committee of the House of Representatives or the Senate, unless that bill, amendment, resolution, or conference report includes the Financial Impact Statement described in subsection (b) of section 3.

SEC. 6. Each regulation and proposed regulation promulgated by a department or Executive agency shall be accompanied by a financial impact statement, as described in subsection (b) of section 3, prepared by the department or agency promulgating the regulation or proposed regulation. The financial impact statement shall be published in the Federal Register together with such regulation or proposed regulation.

DEFICIT NEUTRALITY OF NEW SPENDING LEGISLATION

SEC. 7. It shall not be in order in either the House of Representatives or the Senate to consider on the floor any bill, amendment, resolution or conference report, whether or not reported by any committee of its House, the enactment of which

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would result in increased outlays by the Federal Government unless that bill, amendment, resolution, or conference report includes, or is voted on simultaneously with another bill, amendment, resolution, or conference report that includes, provisions that either --

- (1) reduce outlays by at least an equivalent amount;
- (2) increase receipts by at least an equivalent amount;

or

- (3) reduce outlays and increase receipts in combination with one another by at least an equivalent amount.

EFFECTIVE DATE

SEC. 8. The requirements contained in this Act shall become effective 90 days after the date of enactment of this Act.

THE WHITE HOUSE
Office of the Press Secretary

For Release at 10:10 EDT
Friday, July 3, 1987

AMERICA'S ECONOMIC BILL OF RIGHTS: TRUTH IN SPENDING ACT OF 1987

FACT SHEET

Continued spending growth, particularly where wasteful or unnecessary, adds to the deficit and absorbs resources that would otherwise be employed more effectively in the private sector of the economy. The President has already determined to oppose special interest budget-busting spending schemes such as pork barrel projects in Congress, like the Clean Water Act and the 152 "demonstration" projects in the Highway Bill. But abuses continue.

To prevent future spending abuses, the President is determined that the American people get the facts about the actual costs of Federal spending, and that Congress face the consequences of their actions.

The President's Proposal

To protect the American people from over-spending by Congress, the President will offer "Truth In Federal Spending" legislation that will:

- o Require that every new program established by legislation increasing Federal spending be deficit-neutral by concurrently enacting equal amounts of program reductions or revenue increases.
- o Require that every piece of legislation and rulemaking seeking an increase in private sector and State and local government costs explicitly include a "financial impact statement" detailing:
 - The effect on private costs.
 - Prices to consumers.
 - The effect on employment.
 - The impact on the ability of U.S. industries to compete internationally.
- o Require that every piece of legislation forcing increased expenditures by State and local governments include an assessment of the spending impact, the likely source of funding, and the ability of these governments to fulfill the mandates of the legislation.

-more-

In real terms, spending on domestic programs grew at an annual rate of more than 6.5 percent from 1960 to 1980. Since 1980, the President has reduced the rate of domestic spending increases by more than 60 percent to less than 1 percent in 1986. This year, Federal spending, in real terms, will decline for the first time since 1973.

Progress is being made, but wasteful spending continues to delay the day when the Budget will be balanced.

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